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HOWEY CONSOLIDATED MINES LIMITED

AUG 30 1963

35th annual report

1962

Directors' Report

TO THE SHAREHOLDERS:

Your directors are pleased to present the 35th annual report of your Company, for the year ended December 31, 1962, which includes the financial statements and auditors' report, a review of the Company's exploration activities and also details of the proposed plan to distribute the Company's assets.

In the 1962 year, investment income was up \$87,753 at \$290,304, owing to the initial 10¢ per share dividend paid by Canadian Devonian Petroleum Limited. With reduced administration and exploration expenditures, operating costs were down \$45,092 at \$153,904 and net profit for 1962 amounted to \$136,400, compared with \$3,555 in 1961. The total of investments and net current assets increased to \$9,130,781 from \$8,988,050 at the previous year-end.

As announced in our letter of May 14, it was the intention of the directors that there should be a partial distribution to shareholders of the main assets of your Company, subject to satisfactory tax and other corporate clearances. While a favourable opinion has now been obtained on the Canadian income tax liability, it is possible that a partial distribution might involve United States shareholders in tax payments.

It was originally the opinion of your directors that a complete distribution of assets could mean a loss to shareholders of their interests in the Company's intangible assets, such as undeveloped mining claims and the continuing interest earned by past exploration activities. Also apparent was the problem created by the numerous odd fractional share amounts involved in the distribution of the smaller investment holdings of your Company.

A plan has therefore been proposed whereby as a first step Goldfields Mining Corporation Limited, an associated company with similar investment holdings and exploration interests, will purchase the assets of your Company, other than the shareholdings of Geco Mines Limited and Canadian Devonian Petroleum Limited, issuing shares of Goldfields in payment. Thus shareholders would continue to participate in the potential benefits which may accrue from Howey's present assets.

The second step in the plan would bring about a complete distribution of Howey's assets and the winding up of the Company. For this purpose certain share purchases have been made and agreed to by your Company at the market price to bring the distributable holdings to practical amounts.

Accordingly, if this plan is approved, distribution to the shareholders will be on the following proportionate basis:

100 shares of Howey Consolidated Mines Limited

—will receive—

5 shares of Geco Mines Limited,

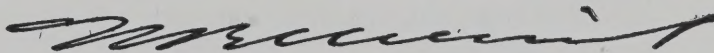
80 shares of Canadian Devonian Petroleums Limited, and

100 shares of Goldfields Mining Corporation Limited.

The Teck-Hughes Gold Mines, Limited has announced a plan, subject to shareholders' approval, whereby all its assets and those of Lamaque Gold Mines Limited and Canadian Devonian Petroleums Limited will be merged into one public corporation tentatively called Teck Corporation Limited. The shares in Canadian Devonian Petroleums Limited to be received by the shareholders of Howey will represent a continuing interest in this proposed company and no further action or exchange will be required by the shareholders of Howey.

In this letter we have attempted to summarize the major details and net final result of the proposed plans for your Company. However, for full legal particulars and descriptions we refer you to the enclosed Notice of Meeting and the booklet entitled Explanatory Information which also contains copies of the proposed resolutions, the legal agreement and the relevant financial statements.

On behalf of the Board



President.

Toronto, Ontario,

July 31, 1963.

HOWEY CONSOLIDATED MINES LIMITED

(Incorporated under the laws of Ontario)

Balance Sheet

AS AT DECEMBER 31, 1962

ASSETS

	<u>1962</u>	<u>1961</u>
CURRENT ASSETS:		
Cash.....	1,143	5,406
Accounts receivable.....	3,112	14,086
Prepaid expense.....	759	1,367
	<u>5,014</u>	<u>20,859</u>
INVESTMENTS:		
Marketable securities—at cost (quoted market value \$8,738,069; 1961—\$9,267,037).....	9,158,926	9,286,493
Unquoted shares—at nominal value.....	1	39,760
Service company—shares and debentures at cost.....	13,250	13,250
	<u>9,172,177</u>	<u>9,339,503</u>
TOTAL CURRENT ASSETS AND INVESTMENTS.....	<u>9,177,191</u>	<u>9,360,362</u>
FIXED ASSETS:		
Buildings and machinery, fully depreciated—at nominal value.....	1	1
Mining claims—at nominal value.....	1	1
	<u>2</u>	<u>2</u>
	<u>\$9,177,193</u>	<u>\$9,360,364</u>

LIABILITIES

	<u>1962</u>	<u>1961</u>
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities.....	5,678	21,555
Unclaimed capital repayments and dividends.....	10,732	10,757
Loan payable—secured.....	30,000	340,000
	<u>46,410</u>	<u>372,312</u>
SHAREHOLDERS' EQUITY:		
Capital stock—		
Authorized—		
4,000,000 shares with a par value of \$1 each		
Issued and fully paid—		
2,000,000 shares.....	2,000,000	2,000,000
Retained earnings.....	7,130,783	6,988,052
	<u>9,130,783</u>	<u>8,988,052</u>
	<u>\$9,177,193</u>	<u>\$9,360,364</u>

Approved on Behalf of the Board

"N. B. KEEVIL", *Director*

"J. H. WESTELL", *Director*

HOWEY CONSOLIDATED MINES LIMITED

Statement of Earnings FOR THE YEAR ENDED DECEMBER 31, 1962

	1962	1961
REVENUE:		
Dividends	290,304	195,855
Interest	—	6,696
	<u>\$290,304</u>	<u>\$202,551</u>
EXPENDITURE:		
Exploration	75,446	97,679
Administration	38,565	51,621
Salaries and retirement allowances	24,000	24,900
Directors' fees	8,400	8,400
Legal and audit	1,200	2,538
Transfer agent	1,980	2,084
Fees and contributions	155	5,649
Taxes	558	725
Secretarial services	3,600	5,400
	<u>\$153,904</u>	<u>\$198,996</u>
NET EARNINGS FOR THE YEAR	<u>\$136,400</u>	<u>\$ 3,555</u>

Auditors' Report to the Shareholders

We have examined the balance sheet of Howey Consolidated Mines Limited as at December 31, 1962 and the statements of earnings and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earnings and retained earnings present fairly the financial position of the company as at December 31, 1962 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada.
February 20, 1963.

McDONALD, CURRIE & Co.,
Chartered Accountants.

HOWEY CONSOLIDATED MINES LIMITED

Statement of Retained Earnings

FOR THE YEAR ENDED DECEMBER 31, 1962

	<u>1962</u>	<u>1961</u>
BALANCE—BEGINNING OF YEAR	6,988,052	5,506,905
Profit on sale of investments	39,678	1,469,866
Proceeds on sale of gravel and lots	6,412	7,726
Net earnings for the year	136,400	3,555
	<u>7,170,542</u>	<u>6,988,052</u>
Write down of unquoted shares to nominal value	39,759	—
BALANCE—END OF YEAR	<u>\$7,130,783</u>	<u>\$6,988,052</u>

Marketable Securities

AS AT DECEMBER 31, 1962

	<u>Number of shares</u>	<u>Quoted market value</u>
Geco Mines Limited	100,000	2,550,000
The Teck-Hughes Gold Mines, Limited	260,000	416,000
Lamaque Gold Mines Limited	42,023	159,687
Canadian Devonian Petroleum Limited	1,558,995	5,612,382
		<u>\$8,738,069</u>

NOTE:

Because of the number of shares involved, the market value is not necessarily indicative of the amount that could be realized if the holdings were sold.

HOWEY CONSOLIDATED MINES LIMITED

Exploration Report

During 1962 Howey's policy on exploration was to participate jointly with other companies of the Keevil mining group. Basic exploration and evaluation of prospects were carried out through Keevil Mining Group Limited as a joint operation, with the companies participating in the individual projects on an agreed percentage basis. Prospecting parties were in the field throughout the season and participations were taken in several prospecting syndicates.

Keevil Mining Group Limited opened a temporary field office in Vancouver to direct exploration in Western Canada. Geochemical stream-sediment sampling was done on the west part of Vancouver Island. Follow-up of anomalous areas will be done this summer.

A copper prospect near Williams Lake, B.C. was optioned, additional claims staked, and geochemical and geophysical surveys made. Subsequent to the year-end bulldozing and rock-trenching over a strong geochemical anomaly revealed extensive low-grade copper mineralization. Further work is in progress to evaluate this occurrence.

In the Yukon a representative scouted for mineral prospects and did geochemical prospecting. An airborne magnetometer was used to check on reports of magnetic iron in the Northwest Territories east of the Yukon iron deposits staked last year by a major American company.

Exploration was continued in the Flin Flon area of Saskatchewan where geological mapping, geophysics, trenching and diamond drilling were done on staked and optioned claims to check anomalous results of previous airborne geophysics. Only low metal values or barren sulphides have been located to date.

A gold prospect near Kenora, Ontario was optioned and additional ground acquired by staking. Diamond drilling indicated a gold-bearing structure, but values intersected were below economic grade.

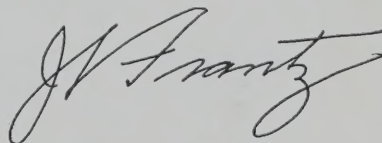
A group of 20 claims was staked near the Tribag Mining Company Limited property north of Sault Ste. Marie, Ontario. Preliminary prospecting showed that most of the property is overburden-covered and geophysical surveys will be necessary to evaluate the ground.

Geophysical surveys and diamond drilling were done on well-located optioned claims in the Mattagami Area, Quebec. No significant metal values were encountered and the option was not exercised.

A large section of Ungava, Quebec was covered by photogeological studies. The area was prospected using a light aircraft for reconnaissance and servicing of field parties. As a result of this work copper-nickel showings were staked near the coast, a copper showing was staked and another well-located group was staked in a currently active section of the area.

Activities in the current year consist of follow-up work where warranted on last year's discoveries and the continuing search for and examination of new mineral prospects.

Respectfully submitted,



Exploration Manager

Toronto, Ontario,
June 19, 1963.

